

**TAB C**

# Price Segments

Marsha Peterson

Steve Brennan

Defendants' Exhibit

2614

01-12257-PBS



17

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## Regional Groups

- Regional Groups
  - Examples
    - ANCO (Northern California)
    - SOAP (Southern Oncology Association of Practices - Southwest, 15 states)
    - POHMS (PA, MD, NY,...)
    - MSHO (Michigan state society)

Attributes			Size	
Member of a regional group with active contract	NOA member	Lynx customer	Number of practices	2002 Sales
✓	✓	✓	115	\$349.3M
✓	✓		106	\$148.6M
✓		✓	164	\$513.7M
✓			142	\$178.1M
Regional Groups Subtotal			527	\$1,189.7M



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## Regional Group pricing

- OTN negotiates an agreement with each group. Typically these agreements include non-contract pricing, payment terms, Lynx online discount and supply discount
- Regional groups directly negotiate contracts with manufacturers. The differentiation that OTN provides is in the form of payment terms and discounts.
- The following groups get Lynx/online discounts: MOPS, MSHO, SOAP, ONC, POHMS
- Group pricing: When an account is coded as a member of a group in Blue Martini, all
  - Non-contract pricing for the group is auto loaded.
  - Lynx online discount if eligible
  - Supply discount

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NOA

- o Customers that are part of NOA, but do NOT belong to any regional group

Attributes			Size	
Member of a regional group with active contract	NOA member	Lynx customer	Number of practices	2002 Sales
	✓	✓	218	\$554.6M
	✓		431	\$311.7M
NOA Subtotal			649	\$866.3M

20

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## NOA Pricing

- A NOA member can keep existing price agreements like Lynx to The Future, AND get access to NOA contracts
- NOA shares admin fees from manufacturer with OTN
- 7-year exclusivity agreement with NOA
- NOA core member offering is a targeted pricing initiative based on loyalty
  - NOA core members receive additional discounts and better terms if they:
    - Access at least 50% of NOA contracts and buy up to at least 80% of their potential spend
    - Details are being worked out

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Lynx

- Customers that have Lynx machines installed but are NOT part of any regional group OR NOA

Attributes			Size	
Member of a regional group with active contract	NOA member	Lynx customer	Number of practices	2002 Sales
		✓	71	\$63.2M

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22

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## Lynx Pricing

- Lynx Partner Pricing (LPP) is slightly better than Tier A pricing
- Lynx partners are eligible for proactive comparative pricing
- Only one site in the practice has to have Lynx machine to be eligible for Lynx pricing
- Members of regional groups are not eligible for Lynx pricing
- LPP is initiated when notification is sent from the Lynx department

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Other

- The remaining pricing segment is eligible for Tier pricing. It is inclusive of non-affiliated, non-Lynx accounts and other medical specialties

	Size	
	Number of practices	2002 Sales
Other	1,927	\$162.6M

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24

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## Tier pricing

- Tier pricing is based on performance
  - Tier A: >\$250K/month, 1.75% mark-up
  - Tier B: \$100-250K/month, 2.75% mark-up; new customers default to Tier B
  - Tier C: \$50-100K/month, 3.75% markup
  - Tier D: \$25-50K/month, 4.75% markup
  - Tier E: < \$25K/month, 5.75% markup
- If the new site is not in a group, request Tier pricing as appropriate using the Price Request form. As a default, new sites are eligible for Tier B.

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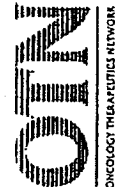
## Practices and revenue summary by price segments

	Number of practices	2002 Sales	2002 Sales %
<b>Regional Groups</b>	527	\$1,189.7M	52.1%
NOA	649	\$866.3M	38.0%
Lynx	71	\$63.2M	2.8%
Other	1,927	\$162.6M	7.1%
<b>TOTAL</b>	3,174	\$2,281.9M	100%

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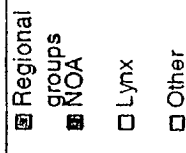
26

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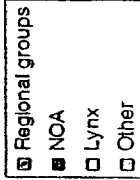


## Future direction

2002 Revenue Distribution



Future Revenue Distribution



Partha:

Bullets explaining the charts go here. Need input from Marsha/Steve/Karen

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What should I do to get pricing for a new site?

- If the new site is a member of a group, provide paper work to code them to Sales Ops
- If it is a new satellite, turn a pricing request to "Copy" all non-contract pricing from the parent
- For all sites, submit a Bristol bid request

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